

### **3. Improving the policy of attracting foreign direct investments for the development of the Vinnytsia territorial community**

In the current conditions of martial law in Ukraine, maintaining economic stability and strengthening the national economy is a critically important task. In particular, without the presence of transfers from partner countries and investments from its own citizens, the possibility of post-war reconstruction and recovery of the country's economy would be insufficient at best. Therefore, increasing foreign investment flows is one of the main means of achieving this goal.

In order to improve development and get out of the crisis, it is necessary to attract foreign direct investments (hereinafter referred to as FDI), which are an effective way of attracting funds without the disadvantages associated with maturity and interest on the use of capital. Attracting FDI also contributes to the growth of the country's financial and economic indicators, competition and labor productivity, the spread of international experience and technologies thanks to large international companies and greater integration into international markets. To successfully attract FDI, it is necessary to understand the mutual influences of this process and economic development, to determine the factors that need to be improved for attracting FDI, as well as to determine possible positive and negative consequences for developing the right strategy for the interaction of the government and foreign investors.

The issue of investment was studied by numerous scientists, including L.O. Vdovenko. [63], Govorushko T.A. [64], Honcharuk I.V. [65], Y.V. Hontaruk [66], A.S. Danylenko. [67], Ignatenko O. P. [68], Kaletnik H.M. [67], Tokarchuk D.M. [69], Tomashuk I.V. [70] and many other scientists. In their research, the scientists paid attention to monitoring the components of the investment potential, the state and prospects of attracting investments to enterprises in the processing industries of the agricultural sector, the use of investment tools at the local level, etc. At the same time, the issue of improving the policy of attracting direct foreign investment in the OTC remains incompletely resolved, which, in our opinion, is relevant and requires further

research.

Direct foreign investments began to play an important role in the international economy even after the Second World War. The first theories regarding the essence of foreign direct investment arose as a result of the increase in the number of subsidiaries of American companies in the markets of Europe and Latin America in the 1950s and 1960s. Since that time, the number of direct foreign investments has increased, which leads to the need to explain the process of capital movement on world markets.

In the vast majority, the theoretical concepts of direct foreign investment are revealed by two approaches: microeconomic (at the level of firms) and macroeconomic (at the level of the national economy). From a macroeconomic point of view, foreign direct investment is a flow of capital across national borders, from the country of origin of capital to the country receiving capital, which is reflected in the balance of payments. The main question of the study is the income for the country obtained from the investments made, their relationship with international trade, exchange rates. This approach reflects generalized global trends. Microeconomic studies reflect the motivation of investments across national borders from the point of view of investors and the analysis of their impact on the improvement of the enterprise. They study the consequences of operations of multinational companies for investors, for the country of origin of capital and the host country, rather than investment flows and assets as such. Despite the fact that many researchers have tried to explain the essence of direct foreign investment, there is still no single, generally accepted concept.

Foreign direct investment (FDI) is a key resource for accelerated economic development of any country. In modern conditions, they act as one of the important tools for ensuring the conditions for exiting the economic crisis, effective structural changes in the national economy, the growth of scientific and technical progress, etc. In accordance with the growing role of FDI in global integration processes, further dialectical development of the categorical apparatus of foreign investment research, which reflects such an evolution, seems logical.

The vast majority of scientists, relying on the English version of the term "investment", associate the origin of the term "investment" with the Latin word

"invest", which means "to invest". Govorushko believes that investment is a primary economic category that covers a wide range of organizational and socio-economic relations in the process of advancing funds, property and intellectual values for the development of the productive forces of society with the aim of obtaining a benefit - profit (income), as well as achieving social and other types of effects [64].

We believe that investment is a primary economic category that encompasses a wide range of organizational and socio-economic relations in the process of advancing funds, property and intellectual values for the development of the productive forces of society with the aim of obtaining a benefit — profit (income), as well as achieving social and other types of effects.

The legislation of Ukraine, in particular, the Law "On the regime of foreign investment", gives the following definition to foreign investments - "all types of values invested directly by foreign investors in objects of investment activity in accordance with the current legislation of Ukraine" [71].

In our opinion, this definition presents only the generalized concept of "foreign investment", as it is not specified by individual types. Also, the definition is not entirely successful, because of the category of "values", which can also represent objects that are not related to investment. We believe that the category of "value" can be replaced by more specific objects, and consider the concept of "foreign investment" as a synthetic category that combines the following elements: funds, property or values, preservation, obtaining profit, income, effect, etc.

We believe that the definition of foreign investment can be formulated as follows: foreign investment is a set of monetary, property, intellectual and other values that are invested by foreign investors in objects of business and other types of activity (according to the current legislation) on the territory of Ukraine with the aim of obtaining benefit - profit (income) and/or the achievement of economic, social, innovative and environmental effects.

The basis of investment of foreign private capital is direct and portfolio foreign investments, which, unlike loans and credits, without increasing the external debt of the state, contribute to obtaining funds for the development of production, directly attracting

the interest of the foreign investor.

Direct and portfolio foreign investments are key factors for attracting foreign private capital, as they do not increase the external debt of the state, but provide means for the development of production. The differences from loans and credits are that these investments attract foreign investors directly and stimulate interest in the development of production.

In modern economic literature, foreign direct investments are divided into two groups: transcontinental and transnational investments. The first are due to the possibility of supplying goods from the new production complex directly to the market of a given country or continent, which allows to obtain better conditions on the market. The second is direct investment, often in a neighboring country, with the aim of minimizing costs compared to the parent company.

The theory of direct foreign investment is relatively young, as it developed as a separate field of scientific research only in the 60s of the 20th century, after S. Hymer separated portfolio investments and direct foreign investments. According to the definition of IMF and OECD experts, "investments are considered direct if they are made outside national borders for the purpose of expanding the production of goods and services, purchasing goods for import into the 3rd country of origin or export to third countries. Their characteristic features are that the investor has managerial control over enterprises, and they take the form of equity capital and short- and long-term intercompany loans. According to this definition, the main purpose of FDI is the production of goods and their movement between countries. To carry out such production, a foreign investor needs control over the enterprise.

Summarizing the theoretical and methodological approaches to the definition of the concept of "direct foreign investment", we propose to interpret their essence as follows: "direct foreign investment is an investment of capital in an enterprise abroad, which ensures the acquisition of long-term economic interest through the investor's control over the object of investment capital and provides for the receipt of entrepreneurial profit (income) and/or the achievement of social, innovative, environmental and other types of effects".

In FDI theory, unfortunately, until now there is no clearly developed scheme of their classification, since there are differences in the division of foreign investments into separate types according to certain characteristics and the degree of their detailing.

Foreign investments can be made in the form of:

- foreign currency recognized by the NBU as convertible;
- any movable and immovable property and related property rights;
- other valuables (property), which are recognized as foreign investments in accordance with the law.

In modern economic literature, all FDI is divided into two groups:

- transcontinental capital investments, which are due to possible better market conditions, i.e. those when there is an opportunity to supply goods from a new production complex directly to the market of a given country (continent);
- transnational investments - direct investments, often in a neighboring country.

The goal is to minimize costs compared to the parent company.

According to the type of integration of international cooperation, all FDI flows are divided into two types:

1) "horizontal" FDI is direct investment in enterprises abroad within the same industry for the production of products previously produced by the investor in his country. The motivating motive for them is customs tariffs, a reduction in transport costs and the effect of the scale of production;

2) "vertical" FDI are investments in the industry belonging to different stages of production of a separate product. Enable TNCs to replace individual parts of intra-firm production and sales systems in inefficient markets.

According to the results of our research, most often in the economic literature, the signs of the classification of FDI are also determined, which are given in the table. 1.

*Table 1*

### Features of direct foreign investments classification

| Signs                                                                              | Type of investment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| By form of ownership                                                               | private; state; investments; international organizations;<br>non-governmental organizations, mixed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| By species                                                                         | foreign convertible currency;<br>currency of Ukraine upon reinvestment;<br>any movable and immovable property;<br>monetary claims and rights to fulfill obligations;<br>intellectual property rights;<br>other intangible components;<br>shares, bonds and other securities, as well as corporate rights expressed<br>in convertible currency;<br>the right to carry out economic activities, as well as the right to use the<br>subsoil and use natural resources in accordance with the legislation;<br>other values in accordance with the legislation of Ukraine. |
| On the basis of<br>investment                                                      | resource-oriented FDI;<br>market-oriented FDI;<br>FDI aimed at increasing efficiency; strategic FDI                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| By the amount of<br>investment                                                     | small, medium, large                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| For the purpose of<br>investment                                                   | investments to achieve a financial goal;<br>investments to achieve a business goal;<br>investment to achieve to realize another goal                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| According to the<br>investor's intentions                                          | scrupulous, unscrupulous, pseudo-investments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| According to the<br>registration method                                            | obvious;<br>hidden;<br>"black".                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| By geopolitical<br>orientation                                                     | investments in developing countries;<br>investments in developed countries; transit countries                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| According to the taxation<br>regime                                                | with the general taxation regime;<br>with preferential taxation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| By degree of primacy                                                               | primary;<br>reinvestment;<br>disinvestment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| By risk level                                                                      | low-risk;<br>medium risk;<br>high-risk;<br>speculative                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Under the jurisdiction of<br>the entities                                          | investments of residents;<br>investments of non-residents                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| By the nature<br>(effectiveness) of the<br>impact on the host<br>country's economy | extensive foreign investments;<br>intensive foreign investments;<br>venture foreign investments;<br>pseudo-investment                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

*Source: summarized by the authors*

The analysis of the types of FDI allows us to draw conclusions about the need

for a critical understanding and the creation of a complex classification for their detailed study, primarily from the standpoint of the effectiveness of the impact on the economic system, which should serve as a basis for improving the management of the policy of attracting foreign investments in the country.

According to the definition of the Organization for Economic Cooperation and Development (OECD), the specificity of investment activity is a number of financial and economic prerequisites that determine the possibility and effectiveness of doing business in a specific region or country. Today, the investment attractiveness of the state can be determined by both objective and subjective factors.

In the most general form, the system of determining factors includes:

- institutional factors: internal and external political stability; the regulatory and legislative framework of the country and the national policy on investment attraction; transparency and objectivity of the judicial system; stability of economic, financial and tax law; national mentality; degree of state intervention in the economy; guarantee of individual rights and freedoms; protection of intellectual property rights;

- economic factors: the general state of the national economy; level openness of the economic system; stability of the national currency and balanced fiscal policy; dynamics of GDP growth; state of the banking sector; market and investment infrastructure; taxes and customs tariffs; cost and number of labor resources; access to means of production (presence or absence of privatization); the level of competitiveness on global and domestic markets, the state of public debt and import-export activity, membership in international organizations and agreements.

Investors pay special attention when assessing the country's economic potential allocate to the policy of the authorities aimed at increasing investment image of the country, namely:

- the level and quality of the state's cooperation with investors (both domestic and foreign), openness and attitude towards transnational corporations (TNCs), motivation of the population (legal entities and individuals) to create financially attractive projects;

- socio-psychological factors: the number of the population, the state of the labor

market and migration attitudes of the population; the level of social development of society, standards and living conditions of the population, their purchasing power; openness of the population to representatives of other nations and religions (maturity or immaturity of mentality); level of education and qualification of personnel; the degree of political activity of the population; criminogenic situation in the state;

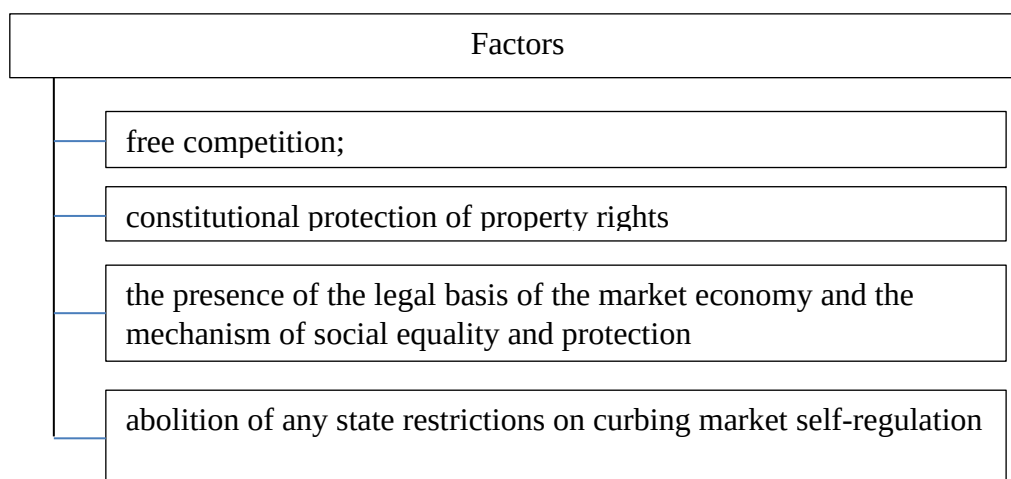
- infrastructural factors: advantages of geographical location, availability, branching, accessibility and quality of the logistics system; market institutions, social infrastructure; media resources and means of communication, the state and supply of the main means of production with resources; the level of implementation of innovative technologies, the degree of ease of connection to energy supply sources;

- political and legal factors: the level of corruption and bureaucratization of government bodies; participation in international conflicts (military aggression against other parties); stability of the political situation within the state; availability of legislation that meets the needs of the time; insurance and guarantee of investors' deposits, convenience of the tax system and an acceptable level of taxation; the existence of effective legislation regulating external financial and economic relations; transparency of the political-administrative and judicial system; ease of opening and closing the enterprise; obtaining licenses.

The investment market as an economic category is a balanced supply and demand for investments. This means that, on the one hand, economic measures are needed to increase the demand for investments, and on the other hand, antimonopoly measures that would promote the development of the services market.

The factors contributing to the development of market mechanisms of legal relations are shown in fig. 1.





**Fig. 1. Factors contributing to the development of market mechanisms of legal relations**

*Source: summarized by the authors*

Under the definition of state regulation of investment activity it is customary to understand the legally established norms and methods of administrative or economic regulation, which are applied by competent bodies of all levels of state power in order to increase the efficiency of capital investments, ensuring the reliability of conditions for deposits in various investment projects, solving the problems of social and economic development of the country as on both at the national level and at the level of individual regions.

The current legal system contains more than 100 legislative and regulatory acts regulating investment activities. Thus, laws "On state support of investment projects with significant investments in Ukraine", "On foreign economic activity", "On the regime of foreign investment", "On investment activity" and others, which create the specifics of domestic investment activity, have been adopted and are in force in Ukraine.

According to them, all subjects of investment activity have the same rights to: carry out investment activity in all its manifestations, as well as freely dispose of assets (investment objects); independently determine goals, directions, volumes and types of investments; to involve on a contractual basis any other participants in the investment process for the implementation of a certain project (as a rule, on a competitive basis,

through bidding or contests), to control the targeted use of financial resources.

State authorities can use administrative and economic tools of influence to activate the investment process in the country. Administrative mechanisms of regulation represent the direct influence of the state on all other subjects of investment activity, since the authorities have the exclusive right and the ability to exercise control through regulations, restrictions, prohibitions, and permits.

Such mechanisms and approaches are called economic methods, with the help of which the state stimulates investors to make a certain investment decision for investing in the country's economy. For example, these can be: tax factors (discounts, preferential tax rates); setting the rate for refinancing; tariffs and reductions in payment rates for such investment assets as land or other natural resources. In order to achieve the greatest effect in the field of investment, the state combines both of the above methods.

The Law of Ukraine "On Investment Activity" is of particular importance for foreign investments. This legislative act establishes the general legal, economic, and social conditions for investment activities on the territory of Ukraine, in particular by foreign investors, and also outlines the list of types of property and intellectual property that can be considered as investments:

- funds, targeted bank deposits, units, shares and other securities;
- movable and immovable property (houses, buildings, equipment, etc);
- property rights arising from copyright, experience and others intellectual values;
- a set of technical, technological, commercial and other knowledge in the form of technical documentation, skills and production experience necessary for the organization of one or another type of production, but not patented "know-how";
- rights to use land, water, resources, houses, structures, equipment, as well as other property rights, etc.

This law also defines the rights and obligations of investment entities activity, its state regulation, guarantees of rights of subjects of such activity and protection of investments.

The peculiarity of the state legal regulation of investor activities in Ukraine is that, along with the specified laws, which exclusively regulate the investment sphere in our country, the provisions of a number of inter-branch laws and subordinate regulatory acts are applied, as well as the fact that the legislative framework in the sphere of regulation of investment activities with varies from year to year, which affects the inflow (outflow) of foreign investments and changes in the level of efficiency of their use.

On the territory of Ukraine, the national legal regime is applied for foreign investors, in which foreign investors are equated with national investors in their rights and obligations. In this case, domestic and foreign entrepreneurs act as equal partners in the market. But this is possible if the country reaches a certain level of development of productive forces. and, on the contrary, in order to achieve such a level, to attract advanced technologies and funds for their implementation at a certain stage, it is advisable to provide preferential treatment to foreign investments. However, admission to the national economy can have negative consequences.

In international practice, there are cases when TNCs, which are economically more powerful than domestic investors, have made significant investments that negatively affected the political or economic development of such countries. Therefore, the legal position of investors in the world is characterized by such regimes specified in the table. 2.

*Table 2*

### **Legal regimes of investors in the world**

| Type of regime                | Characteristic                                                                                                                                                                    |
|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| National regime               | the same as for domestic investors                                                                                                                                                |
| Regime of greatest assistance | provides for granting foreign investors additional rights, preferences and benefits in relation to customs charges, taxes for fees and guarantees for their investment activities |
| Restrictive regime            | prohibits or restricts foreign investments                                                                                                                                        |
| Fair                          | Its establishment is supported by the International Monetary Fund and the International Bank for Reconstruction and Development.                                                  |

*Source: summarized by the authors*

It should be noted that foreign investors are practically not limited in the forms and investment objects. Investments can be made in the form of participation in enterprises (including their creation), acquisition of shares of already operating ones enterprises, the creation of branches or other separate foreign units legal entities, acquisition of immovable or movable property, securities, acquisition of land use rights and use of natural resources on the territory of Ukraine, acquisition of other property rights, conducting business activities on the basis of production sharing agreements, in other forms that are not prohibited by the laws of Ukraine.

Therefore, in order to intensify work on development and implementation investment potential of Ukraine, increasing the volume of foreign investments, support of priority investment projects, improvement of investment climate in the state, ensuring the protection of investors' rights, promoting the effective interaction of investors with state bodies, in December 2014, the National Investment Council was established by the Decree of the President of Ukraine. Because the situation with attracting investments to the Ukrainian economy - both internal and external - is not very positive: investors do not have confidence in the security and profitability of their investments, since in previous years they have lost trust in the authorities, and now there is a complex situation in the country, in order to simplify the procedure for attracting foreign investments and to promote the recovery of the state's economy, to bring the legislation of Ukraine closer to the standards of the European Union, the president signed the Law "On Amendments to Certain Legislative Acts of Ukraine Regarding the Abolition of Mandatory State Registration of Foreign Investments", which cancels mandatory state registration of foreign investments and simplifies their attraction to Ukraine. Despite the existence of a system of legislation regarding the implementation of investment activities, the system of normative and legal regulation of investment activities in Ukraine needs immediate improvement.

To determine the investment attractiveness of a country in modern conditions, important factors are both objective (for example, the presence of sales markets, high quality of the workforce, availability of resources) and subjective (for example, the stability of the political and economic situation, a reasonable tax policy, proper

legislation). An important role in increasing the country's investment attractiveness is played by a high-quality and clear legal framework that stimulates and protects foreign investors.

In order to intensify work on development and implementation investment potential of Ukraine, increasing the volume of foreign investments, support of priority investment projects, improvement of investment climate in the state, ensuring the protection of investors' rights, promoting the effective interaction of investors with state bodies, in December 2014, the Decree of the President of Ukraine established the National Investment Council as a consultative and advisory body under the President of Ukraine [72].

For a long period, the investment situation in Ukraine, both internal and external, remained unfavorable, as investors experienced instability and uncertainty in the protection and profitability of their investments. This happened due to the loss of confidence in the authorities, which did not provide sufficient protection for investors. In order to simplify the procedure for attracting foreign investments and support the recovery of the economy, the President signed the Law "On Amendments to Certain Legislative Acts of Ukraine on Abolishing Mandatory State Registration of Foreign Investments" in 2016 [73]. This law abolishes the mandatory state registration of foreign investments and simplifies their attraction to Ukraine. The approximation of the legislation of Ukraine to the standards of the European Union will also affect the improvement of the investment climate in the country.

In 2021, the current Prime Minister Denys Shmyhal and the Cabinet of Ministers proposed the National Economic Strategy-2030 as one of the normative legal documents, which includes investment activities. This strategy assumes that from 2025 the net inflow of foreign direct investment to Ukraine will amount to at least 15 billion dollars per year. In 2020, the Verkhovna Rada adopted the law on "investment nannies", which was proposed by President Volodymyr Zelenskyi.

However, it was not possible to significantly improve the investment climate and achieve the planned goals. A major negative factor was the coronavirus pandemic. However, even before it began, few experts expected success, as foreign investors did not

want to risk their money in Ukraine without institutional reforms, independent courts and an effective fight against corruption. After Russia's large-scale invasion of Ukrainian soil, the investment attractiveness of the domestic economy, which was already low, quickly went to zero.

In today's reality, we believe that the system of regulatory and legal regulation of investment activity in Ukraine needs immediate improvement.

Let's consider investment attraction on the example of Vinnytsia region. According to the information of the National Bank of Ukraine, the volume of attracted direct investments (equity instruments) from countries of the world into the economy of the region as of December 31, 2021 amounted to 520.6 million dollars. USA, which is 35.5% more than at the end of 2020. For comparison: as of December 31, 2020 – 389.8 million dollars. USA, as of December 31, 2019 – 236.7 million dollars. USA [74] (Table 3).

*Table 3*

**Comparative analysis of direct foreign investments from EU countries and other countries to the Vinnytsia region, 2019-2021, million dollars. USA**

| Investor country | Years               |       |                     |       |                     |       | 2021 to 2019, ±     |       |
|------------------|---------------------|-------|---------------------|-------|---------------------|-------|---------------------|-------|
|                  | 2019                |       | 2020                |       | 2021                |       |                     |       |
|                  | million dollars USA | %     | million dollars USA | %     | million dollars USA | %     | million dollars USA | %     |
| EU               | 198,2               | 83,73 | 337,5               | 86,58 | 420,1               | 80,69 | 221,9               | -3,0  |
| Other countries  | 38,5                | 16,27 | 52,3                | 13,42 | 100,5               | 19,31 | 62,0                | 3,0   |
| Together         | 236.7               | 100   | 389.8               | 100.0 | 520.6               | 100.0 | 283.9               | 100.0 |

*Source: calculated by the authors based on data [74]*

In 2021, the economy of Vinnytsia region received investments from 44 countries of the world (in 2020 - from 51 countries, in 2019 - from 54 countries). The vast majority of investments (80.69% of the total share capital) came from EU countries - 420.1 million dollars, from other countries of the world - 100.5 million dollars. (19.31%). The top five investor countries, which account for 72.3% of total direct investment in 2021, include: Cyprus (39.79%), Austria (11.37%), Poland (9.46%), USA (6.08%) and France (5.6%) [74]. In 2019-2020, the volume of investments from the USA was smaller compared to other leaders, namely Germany, which ranked among the top five investor countries (Table 4).

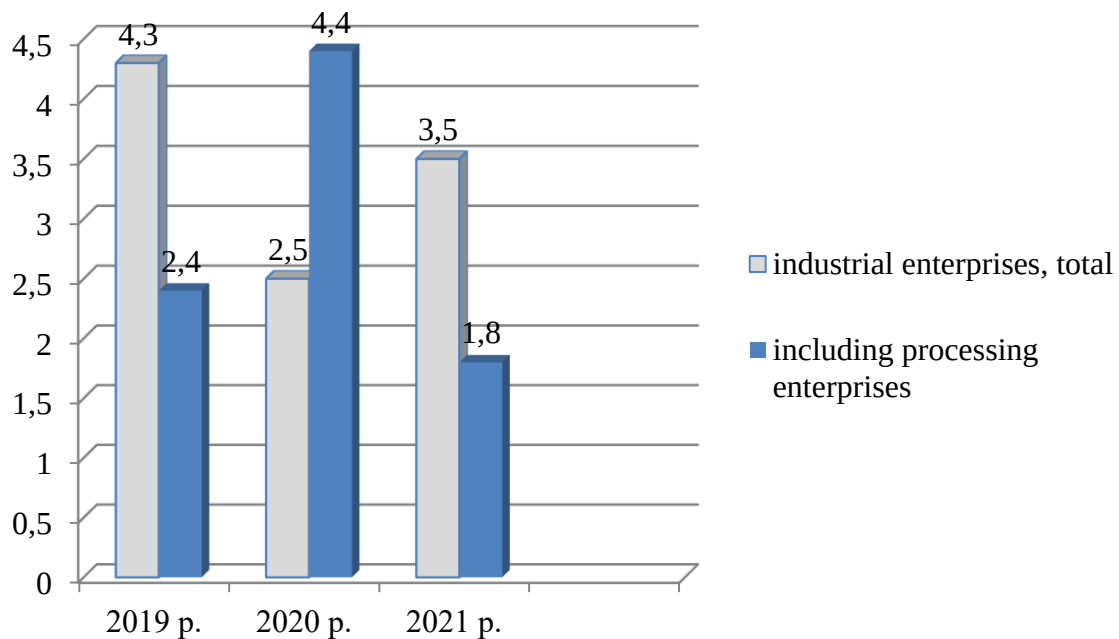
*Table 4*

**Analysis of investments attracted to the Vinnytsia region by the 5 largest investor countries, % relative to the total amount of investment**

| Name of country | Yaers                      |                            |                            | 2021 to 2019, ± |
|-----------------|----------------------------|----------------------------|----------------------------|-----------------|
|                 | 2019                       | 2020                       | 2021                       |                 |
| Cyprus          | 13,39%                     | 40,45%                     | 39,79%                     | 26,40 Б.П.      |
| Austria         | 13,52%                     | 13,95%                     | 11,37%                     | -2,15 Б.П.      |
| Poland          | 29,1%                      | 9,75%                      | 9,46%                      | -19,64 Б.П.     |
| USA             | is not included in the 5th | is not included in the 5th | 6,08%                      | x               |
| France          | 11,57%                     | 6,72%                      | 5,60%                      | -5,97 Б.П.      |
| Germany         | 6,63%                      | 6,11%                      | is not included in the 5th | x               |

*Source: created by the authors based on data [73]*

During the studied period, industrial enterprises remained the most attractive for foreign investors, which in 2022 accounted for 73.17% of the total volume of direct investment in the region, which amounted to 380.9 million US dollars. At the same time, the processing industry received 313.3 million dollars, and the extractive industry and quarry development - 40.7 million dollars (Fig. 2).



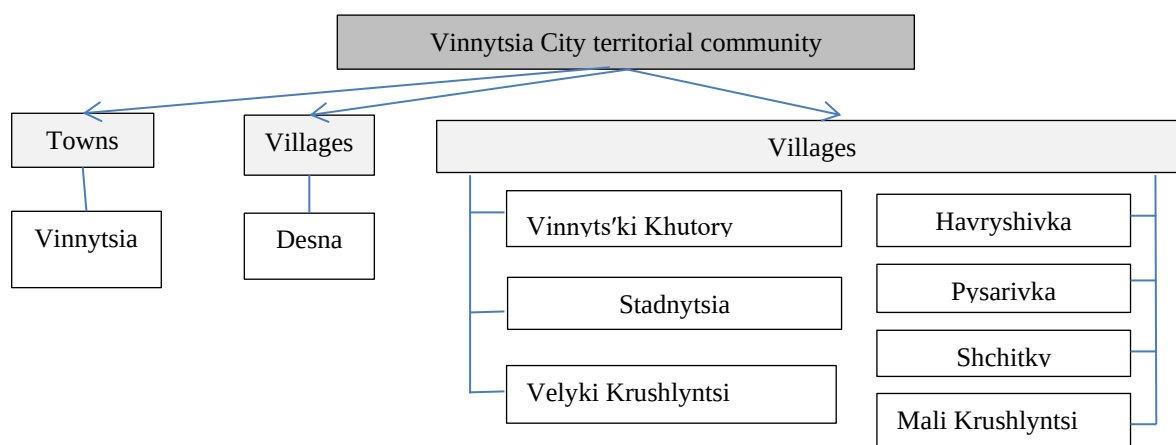
**Fig. 2. Foreign investments in industrial enterprises of Vinnytsia region, million dollars. USA**

*Source: created by the authors based on data [73]*

A significant share (60.5%) of foreign capital of the region is concentrated in the city of Vinnytsia - 143.2 million dollars. in 2021. Also, significant volumes of foreign investments in the Kozyatyn district - 21.9 million dollars. (9.3%), Vinnytsia - 9.4 million dollars. (4.0%), Barskyi - 8.7 million dollars. (3.7%), Tulchynsky - 7.6 million dollars. (3.2%), Tyvrivskyi - 6.7 million dollars. (2.8%), Kalinovsky – 5.8 million dollars. (2.4%) [74].

Opportunities for attracting foreign investment to Vinnytsia are significant, which is due to the presence of a significant domestic market, scientific and technical potential and natural resources that are sufficiently qualified and available. An additional factor that strengthens the attractiveness of the region is the presence of infrastructure, although the level of its development is not yet completely satisfactory.

Let's dwell in more detail on the investment potential of the Vinnytsia urban territorial community, which is located on the territories of the Vinnytsia district and the Vinnytsia city council of the Vinnytsia region. The community includes 9 settlements (Fig. 3).



**Fig. 3. Composition of Vinnytsia City TC, 2022.**

*Source: created by the authors based on data [76]*

One of the main tasks facing the city of Vinnytsia is increasing investments in the city's economy, increasing the inflow of investments to increase the competitiveness and sustainable development of the city's economy and territorial community. Special attention is paid to intensifying investment activities and infrastructure development to attract foreign investments. In order to achieve these



goals, industrial parks were created.

Much attention is focused on the development of infrastructure with the aim of attracting investments, which is manifested in the creation of two industrial parks: "Vinnytsia Industrial Park" and "Vinnytsia Cluster of Refrigeration Engineering" Industrial Park, which are included in the Register of Industrial (Industrial) Parks. The Municipal Enterprise "Vinnytsia Municipal Innovation Center" was established in Vinnytsia, which focuses its activities on the development of infrastructure facilities, support of entrepreneurship and innovation, and management of the innovation and technology park.

Let's consider the strengths and weaknesses of the community with the help of SWOT analysis (Table 5-6).

*Table 5*

**SWOT analysis of Vinnytsia City TC (strengths and weaknesses)**

| Strengths                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Weaknesses                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
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| <ul style="list-style-type: none"> <li>● favorable geographical location and developed transport (connections, infrastructure and accessibility);</li> <li>● positive leadership image and high positions of the city in various ratings;</li> <li>● administrative regional center with developed service provision system (administrative, social, communal and other);</li> <li>● active communication and involvement of citizens in public life;</li> <li>● a developed network of institutions, infrastructure and highly qualified personnel in the field of education, culture, medicine, sports;</li> <li>● satisfactory condition and active modernization of technical infrastructure (lighting network, road surface, household waste management);</li> <li>● the South Bug River and an extensive network of other water bodies;</li> <li>● high level of energy efficiency and energy saving in budget and (partially) residential spheres;</li> <li>● developed IT sector and implementation digital technologies in city management;</li> <li>● established cooperation and trust with the business environment;</li> <li>● availability of available territories for industrial development (three industrial parks, brownfields - abandoned industrial territories);</li> <li>● a powerful branch of the food industry and the availability of territories for growing c.-g. products;</li> <li>● unique and attractive tourist facilities</li> <li>● rich multicultural heritage and availability of cultural and historical monuments.</li> </ul> | <ul style="list-style-type: none"> <li>● deterioration of demographic trends in the city;</li> <li>● uneven development of the community territory and weak spatial integration;</li> <li>● internal financial insufficiency resource for investment and growth burden on the community budget</li> <li>● low quality of drinking water;</li> <li>● the presence of unresolved environmental issues problems;</li> <li>● insufficient level of implementation of inclusion;</li> <li>● low level of digital literacy residents;</li> <li>● increasing the challenges of self-realization modern youth;</li> <li>● inconsistency of the system of providing medical services to the growing demands of the population and the challenges associated with the spread of new diseases;</li> <li>● insufficient rates of modernization and high energy intensity of enterprises;</li> <li>● poorly developed culture entrepreneurship;</li> <li>● slow recovery rates of brownfields;</li> <li>● low competitiveness of the tourist product of the city and region, insufficient development of tourist infrastructure;</li> <li>● a large number of residential and of the non-housing fund, which are in need reconstruction;</li> <li>● not updated and not synchronized urban planning documentation.</li> </ul> |

Source: [76]

The community has a large number of strengths that must be strengthened, using the opportunities of the external environment and eliminating threats.

*Table 6*

**SWOT analysis of Vinnytsia City TC (opportunities and threats)**

| Opportunities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Threats                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>● expansion of international cooperation and promotion of the community at the international level;</li> <li>● using the advantages of European integration on local level;</li> <li>● involvement of residents and the public in community development;</li> <li>● formation of a single information community space;</li> <li>● policy of zero tolerance for corruption</li> <li>● development of smart specialization in the agro-industrial sector (innovations, clusters, entrepreneurship);</li> <li>● development of existing ones, creation of new ones industrial parks and industrial zones;</li> <li>● attraction of non-budgetary resources and increasing the efficiency of use budget funds and property;</li> <li>● using the potential of Vinnytsia universities;</li> <li>● intensification of cultural life;</li> <li>● development and diversification of transport community opportunities (mobility);</li> <li>● tourism market growth and development tourist routes;</li> <li>● energy efficiency and regenerative energy;</li> <li>● □ formation of sustainable ecological environment;</li> <li>● creation of new public spaces.</li> </ul> | <ul style="list-style-type: none"> <li>● continuation of military operations on the territory of Ukraine;</li> <li>● global climate change;</li> <li>● strengthening of the global demographic crisis;</li> <li>● slowing down, suspending or completely stopping decentralization processes in the state;</li> <li>● economic crisis in Ukraine and decline standard of living of citizens;</li> <li>● monopolization of markets for provision utilities and the unregulated resource price market;</li> <li>● increasing the share of the shadow sector in economy;</li> <li>● failure of anti-corruption policy on state level;</li> <li>● non-reformation of the judicial system and the block of law enforcement bodies;</li> <li>● lack of access to "cheap" loans for the city and for local businesses;</li> <li>● dependence of the city on the state budget in matters of providing educational, medical, cultural, social services;</li> <li>● potential conflicts in the system of private, public interests and interests of territorial communities;</li> <li>● environmental pollution;</li> <li>● increasing motorization and load on the road infrastructure of the city;</li> <li>● "creeping" of the city and its loss spatial identity.</li> </ul> |

*Source: [76]*

The city of Vinnytsia has successfully cooperated with international financial organizations for many years. This cooperation made it possible to attract significant financial resources for the implementation of projects in various areas, which are important for ensuring the life of the city, in particular, transport services, increasing the energy efficiency of the residential sector, modernization of heat and water supply systems, etc. Vinnytsia participates in numerous projects of international technical assistance, which allows studying and implementing international experience and best practices in various areas of activity.

In particular, KP "Vinnytsiamiskteploenergo" became a participant in the project "Increasing energy efficiency in the district heating sector of Ukraine", which is

planned to be implemented with the help of loans from the International Bank for Reconstruction and Development (IBRD) and the Clean Technologies Fund, the budget of which amounted to 43.44 million dollars. USA. Another factor is the active development of international cooperation, cooperation with international financial organizations, "PROMIS" projects (MFA of Canada), U-LEAD with Europe (EU), the Japan Agency for International Cooperation, the German Society for International Cooperation GIZ, partnership with organizations from the Republic of Poland etc. [77].

Due to its favorable geographical location, high level of human, industrial and scientific and educational potential, developed transport infrastructure, modern banking system and the use of innovative practices and technologies in municipal administration, Vinnytsia has significant opportunities to increase its investment attractiveness.

The largest enterprises of Vinnytsia that have foreign investments include: Barlinek-Invest LLC, Agrana Fruit Ukraine LLC, Vinnytsiapobuthim PJSC, Austria Juice Ukraine LLC, LVN 10 Limited LLC, Sperco Ukraine ". The analysis of investment activity shows that in recent years, the city as a whole has seen a somewhat downward trend in the volume of capital investments, while the main source of their financing was and remains the own funds of enterprises and organizations of Vinnytsia. Thus, in terms of the volume of capital investments mastered (used), Vinnytsia is inferior to certain regional centers, in particular Ivano-Frankivsk, Khmelnytskyi, and Poltava. As for foreign direct investments (FDI), over the past several years there has been a tendency to decrease their annual inflows into the Vinnytsia economy [77].

In the context of financial decentralization, the Vinnytsia City TC has new opportunities for effective allocation of funds for the purpose of developing the economy and increasing investment attractiveness. With the progressing globalization and the growing competitive environment, it is necessary to implement a systematic approach to the management of investment activities in order to realize the potential of Vinnytsia City TC and respond accordingly to today's challenges. It is fundamentally important to ensure the effective use of available resources and the implementation of economic and financial risk assessments related to investment projects. In addition, it

is necessary to improve the monitoring and control system, ensure transparency and openness in management, and establish effective mechanisms of interaction between different levels of government and stakeholders. All these measures will contribute to increasing investment attractiveness and ensuring the sustainable development of the Vinnytsia City TC economy.

An important factor in increasing the investment attractiveness and growth of investment activity of the Vinnytsia City TC should be the introduction of the Methodology of attracting and supporting investors, which was approved by the decision of the Vinnytsia City Council No. 57 of 12/24/2020 (Table 7).

*Table 7*

**The essence of the Methodology and standards of attracting and  
supporting investors of Vinnytsia City TC**

| The name of the stage                                                | Content of the stage                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Preparation of investment proposals at the local level            | 1.1. Purpose and system of information collection.<br>1.2. Preparation of information on priority industries / sectors that have the best investment potential.<br>1.3. Offers of investment sites (land plots, objects of industrial real estate and residential real estate).<br>1.4. Industrial park.<br>1.5. Innovation and technology park.<br>1.6. Other databases (current companies of the city).<br>1.7. Requirements for investment proposals (land plots) offered to the investor. |
| 2. Standards of marketing promotion of Vinnytsia City OTC.           | 2.1. Marketing (marketing and investment) strategy.<br>2.2. Marketing plan.<br>2.3. Investment portal.<br>2.4. Investment passport.<br>2.5. Other products (booklets, folders, etc.).<br>2.6. Presentation of the city (multimedia or in the form of a presentation).<br>2.7. Mechanism of direct marketing (Direct mail).<br>2.8. Branding, brand book.<br>2.9. Other marketing tools.                                                                                                       |
| 3. Standards of involvement and professional support of the investor | 3.1. Ensuring the procedure of the first contact with the investor.<br>3.2. Time frames for responding to investor requests.<br>3.3. Preparation of the investment mission and organization of the investor's visit.<br>3.4. Standards for meetings with investors.<br>3.5. Peculiarities of meetings with foreign investors.<br>3.6. Conducting negotiations and making an investment decision.                                                                                              |
| 4. Post-investment support                                           | 4.1. Continuation of contacts with the investor during the implementation of the project.<br>4.2. Support of the company's development and reinvestment plans..                                                                                                                                                                                                                                                                                                                               |

*Source: summarized by the authors according to [78]*

1. In the context of preparing investment proposals at the local level, it is important to provide the potential investor with the necessary information about the city. The investment proposal must contain basic information about the investment

object and its key advantages, reflect the direction, scale and scope of the required investment. The collection of investment proposals is carried out by a specialized unit of the local self-government body, namely the Department of Economy and Investments, which is responsible for the formation of information materials and databases for investors.

2. At this stage, the marketing strategy for the promotion of Vinnytsia City TC plays an important role. It can be considered as a separate document aimed at forming the image of the territory among target audiences, such as business circles, investors, entrepreneurs, tourists, local residents and residents of other regions. The strategy should reflect various aspects such as the quality of the environment and its components, business costs, "territorial product portfolio" and marketing communication channels. In addition, the strategy should include organizational support such as resources, coordination, monitoring and control. Various tools can be used for information and marketing promotion of the city, such as investment booklets, brochures, specialized information sheets and promotional folders.

3. In order to attract investors, it is necessary to carry out a whole set of measures, the proper implementation of which depends on the effectiveness of the actions of the team responsible for investment activities in the city. When communicating with a foreign investor, it is important to pay attention to the level of foreign language proficiency (primarily English) of employees who work with investors. In addition, it is necessary to take into account cultural differences and, if necessary, follow the rules of diplomatic protocol.

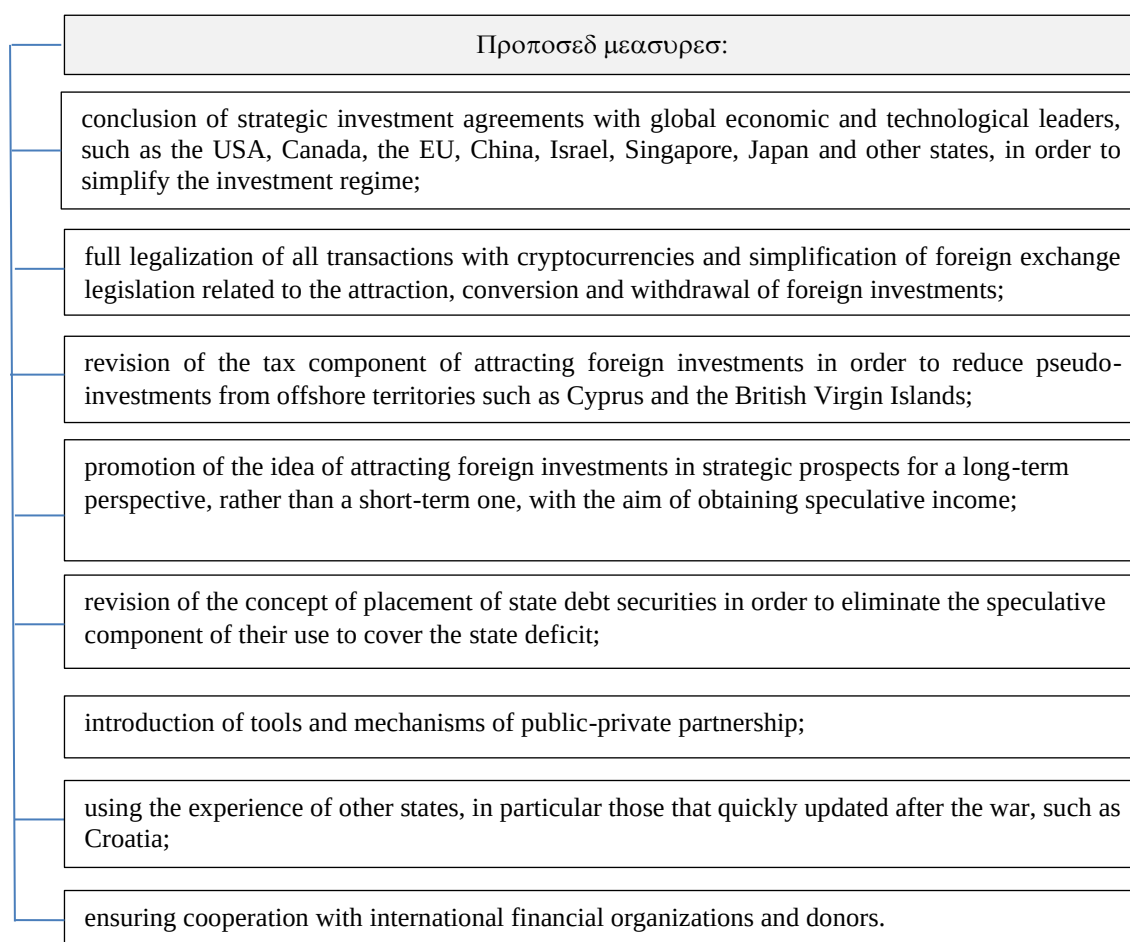
4. It is important to pay due attention to the final stage of post-investment support, which is no less significant. Investors usually expect support from local authorities during the implementation of investments and in the process of operation of production. Post-investment support is an indicator of professional support and may include such measures as regular visits to production facilities, involvement of the investor in the formation of the city's investment policy, establishment of necessary relations with institutions of the national and regional levels, creation of new contacts with local businesses and educational institutions, assistance in training qualified

personnel for the needs of the investor, quickly obtaining the necessary permits and implementing certain measures to solve the current problems that the investor faced due to malfunctions of the tax and customs systems or due to complaints about possible abuses, etc. It is important to make every effort to prevent disinvestment from the city and region, as this can lead to significant economic and image losses. In addition, effective cooperation can increase the scale of the inflow of investments into the city, since the demonstration of successful practices is one of the most effective tools for marketing the territory.

Summarizing the methodology, it can be noted that when attracting foreign direct investment, it is very important to follow certain rules and methods, and it is necessary to pay attention not only to the stages of investment attraction, but also to post-investment support, which is no less important.

The country's government is actively working on the development and creation of a favorable investment climate in various regions, including Vinnytsia. Given that Vinnytsia has already become a haven for many manufacturing enterprises that left the occupied territories, attracting investment becomes extremely important for increasing the number of jobs and raising the standard of living of local residents.

The situation in the country has a negative impact on the investment attractiveness of certain regions and the state as a whole. Therefore, it is necessary to adjust the state's investment strategy regarding cooperation with foreign investors. From our point of view, a number of measures should be taken to achieve this goal (Fig. 4).



**Fig. 4. Proposed measures to adjust the state's strategy for attracting foreign direct investment**

*Source: developed by the authors*

It is proposed to determine the main ways of promoting the attraction of investments to Vinnytsia City TC. To achieve this goal, it is proposed to organize, form and support the implementation of priority measures, which were collected and systematized in Table 8.

*Table 8*

**Proposed measures to promote investment attraction  
in Vinnytsia City TC**

| №<br>п/п | Content of events                                                                                                                              |
|----------|------------------------------------------------------------------------------------------------------------------------------------------------|
| 1        | implementation of investment attraction standards and support of investors through the preparation of investment proposals;                    |
| 2        | ensuring marketing promotion of the city, forming its positive investment image;                                                               |
| 3        | organization of proactive activities to attract new domestic and foreign investments, ensuring the standards of professional investor support; |

*Continuation of table 8*

|    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4  | provision of post-investment support to investors;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 5  | elimination of administrative barriers and obstacles in the field of investment at the local level, development and adoption of decisions of the city council in order to create favorable conditions for investment due to the implementation of a system for measuring investment climate indicators among active investors and establishing interdepartmental cooperation with Ukraineinvest, U-LEAD projects with Europe, GIZ, Japan International Cooperation Agency, Office of the national investment council of Ukraine, USAID, etc.; |
| 6  | development of modern investment and market infrastructure, creation of conditions for the development of high-tech production, placement of investment resources in sectors with a high share of added value;                                                                                                                                                                                                                                                                                                                                |
| 7  | development of projects from the priority areas of social and economic development of the city, ensuring support for their implementation;                                                                                                                                                                                                                                                                                                                                                                                                    |
| 8  | the search for multipliers of economic development, that is, investments that not only ensure recovery, but also contribute to the creation of new jobs and an increase in tax revenues;                                                                                                                                                                                                                                                                                                                                                      |
| 9  | the use of mechanisms that allow creating preferences and long-term stability guarantees for investments;                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 10 | stimulation of investments in the development of alternative energy sources, TC energy service.                                                                                                                                                                                                                                                                                                                                                                                                                                               |

*Source: created by the authors based on [77] and their own research*

The implementation of the proposed measures will allow our region to reach the required level of investment and quickly restore the economy after the end of hostilities on the territory of our state.

**Conclusions.** Under the current conditions of martial law in Ukraine, foreign investments are an important factor for the development of the domestic economy. These investments are a significant source for ensuring economic growth and can become one of the tools to avoid the risk of devaluation.

At the same time, the attraction of foreign investments is not only a necessary condition for rebuilding the economy, but can also have additional positive consequences for the country's development. In particular, foreign investments can stimulate the development of new industries, help increase production efficiency and increase the competitiveness of national enterprises on world markets. In addition, they can contribute to improving the standard of living of the population by providing new jobs and increasing the income of citizens.

Therefore, increasing foreign investment flows can be an important step towards the recovery of Ukraine's economy and ensuring its sustainable development after the military conflict. This can play an important role in strengthening the national economy, ensuring stability and improving the quality of life of the country's citizens.



Forecasting the development of the attractiveness of the economy of Vinnytsia City TC and Ukraine in general for foreign investment in the post-war period indicates the need to stabilize the regulatory framework regarding investment operations, their taxation and withdrawal of capital abroad. To achieve this goal, it is important to standardize the legislation with the aim of creating an investment crypto hub in Ukraine. This will allow not only to attract investments with high demand, but also to redistribute them for the reconstruction of the state after the war. In general, the work of the state apparatus should be aimed at activating the real growth of foreign investment in the country on the basis of existing and new agreements on economic partnership and investment cooperation with other countries of the world.